City of Madison and Inclusionary Zoning – Summary of Experience

In January of 2004, the City of Madison adopted an inclusionary zoning (IZ) ordinance that required 15% of units to be affordable in developments with 10 or more units. The ordinance covered both ownership and rental units, and involved extensive involvement by the City relative to monitoring, plan approvals and resale provisions. Approximately 175 units were created under the ordinance before it expired in January of 2009¹; only 40 of those units had been sold. The rental component was challenged in Wisconsin's 4th District Court of Appeals in 2006 and likened to rent control, which is a violation of state statute. The ordinance was revised following the court decision. A sunset clause was written in to the ordinance and it expired in January 2009.

One element of the IZ ordinance included incentive points. Eighteen months into the program, according to an evaluation done in 2006 by the City of Madison's Director of the Department of Planning and Development, there had been 24 applications, 41% of which had requested cash subsidies for the IZ units. Additionally 33% had requested park fee and/or park dedication reductions. ²

The program was evaluated on a yearly basis by the Inclusionary Zoning Advisory Oversight Committee in an attempt to identify whether the program was successful and those measures were quantifiable, and to make recommendations to improve the ordinance. The 2008 report indicates that the Committee disagreed as to whether the program was successful because they were unable to identify measures of success.³ Data collected indicated that although IZ units were approved, "fewer than expected sold as IZ units." The Committee's report indicates that the topic of affordable housing is extremely important to members but infinitely complicated, and members were disappointed in their inability to reach any conclusions. Next steps listed in the report include the need to better quantify the supply and demand for affordable housing (p. 13).

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¹ According to a report of the Western Wisconsin Realtors Association: http://www.wra.org/pdf/government/GAD_reports/WesternGADrpt1208.pdf

² Inclusionary Zoning Ordinance Evaluation Study by the Director of the Department of Planning & Development: http://www.cityofmadison.com/cdbg/iz/general/eval_rept_2006-01-19.pdf

³ Report of the Inclusionary Zoning Advisory Oversight Committee: http://www.cityofmadison.com/cdbg/iz/general/2008_IZ_annual_rpt.pdf